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Chief, Intelligence Information Staff, ORR

6 December 1957

ASST : [REDACTED]
THRU : Chief, Industrial Division, ORR
Chief, Military Economics Branch, D/I

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Requirement for Source Reported in [REDACTED]
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REF : [REDACTED] 13 November 1957, Secret/Noform/Continued Control

Background

1. The basis for this requirement is the source comment at the end of the referenced report. He commented on the existence of military departments in Soviet enterprises and their being financed by the civilian departments, with a resulting concealment of actual military expenditures.

2. It is requested that the following requirement be served in order to elicit further information on this subject.

Requirement

1. How, specifically, is the procedure of financing the military department of an enterprise from the profits of the civilian departments accomplished? For example: what are the lines of financial responsibility? what categories of announced expenditure (budgetary and non-budgetary) are affected by this procedure and how are they affected?

2. Is there some other form of concealment of military expenditures that pertains to enterprises producing exclusively (or nearly so) military goods? If so, specify the procedures involved.

3. How do any, or all, of the above practices affect the prices paid by the Soviet military establishment for the goods produced by these plants? Be specific.

4. What are the financial arrangements that accompany the delivery of goods to the military establishment and what sources of funds (by budgetary category where applicable) are used by the military establishment for payment?

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